



United States Department of State

Washington, D.C. 20520

October 7, 1983

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Interagency Group on Possible Ban of Certain Soviet Imports

TO : NSC - Mr. Robert Kimmitt
 CIA -
 Commerce - Mrs. Helen Robbins
 Customs - Mr. William von Raab
 Treasury - Mr. David Pickford
 USTR - Mr. Dennis Whitfield

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SUBJECT: Possible Ban of Certain Soviet Imports

The Department of State has reviewed the proposed Customs Service measure to ban imports of some 40 Soviet products, as required by the Smoot-Hawley Tariff Act of 1930, on grounds these items were produced by Soviet forced labor.

In our view, the evidentiary base presented is inadequate to support the proposed action. Whereas it is reasonable to assume that some Soviet enterprises which utilize forced labor produce goods for export, neither the exact magnitude of the contribution forced labor makes to the total output nor the specific item produced with such labor have been determined. Moreover, the evidence seems clear that a very small, if not negligible, percentage of Soviet industrial production is the result of such labor. An even smaller percentage is exported, and, of this, only a small fraction reaches the U.S. The absence of specific evidence that a particular good or article was produced with forced labor is almost certain to lead to court challenges if the proposed ban is promulgated.

Even if the evidence were compelling, the proposed Customs Service action is not simply a technical issue but one that will have significant impact on both US-Soviet relations and our efforts to coordinate East-West trade policy with the Allies. It would be viewed as an economic warfare measure and its implementation now would be seen as a U.S. response to the KAL airliner tragedy. This would be at variance with the President's policy of not taking unilateral economic sanctions since the issue is the USSR versus the world. The proposed ban could also invite Soviet retaliation against U.S. exporters who now enjoy a \$2.4 billion trade surplus with the USSR.

We conclude, therefore, that prior to promulgation, the foreign policy, national security, legal and commercial aspects of the proposed ban on imports of Soviet products be reviewed

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by the NSC. Further, we recommend that the CIA be requested to review the evidence further to determine if more concrete and specific proof can be developed.

For memorandum
for Charles Hill
Executive Secretary

cc: Secretary Regan
Assistant Secretary Walker

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